

## OUTGOING TELEGRAM Department of State

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ACTION: AmEmbassy BUENOS AIRES 469 PRIORITY

Senate debate continues on AID authorization bill which expected come to vote by end week. Senate has reduced to \$3.742 billion the \$4.2 billion approved by Foreign Relations Committee. House bill fixed level at \$3.5 billion. Proposed Hickenlooper ~~Afex~~ Amendment modification has not yet been debated on Senate floor.

Press and members Senate increasing focus on prospective Argentine action on oil contracts. November 13 New York Times article datelined Washington states that while administration officials apprehensive about restrictions on Executive in use foreign aid funds, they appeared more concerned "about ~~the~~ temper Senate as brought out in debate on Alliance for Progress, particularly in regard Brazil and Argentina". Article reports floor statement by Senator M Morse alluding to "latest reports from Brazil and ~~Argentin~~ Argentina" and assailing both countries for having failed, despite their Punta del Este pledges, to submit plans

Drafted by:

ARA/EST/A:CAO Bureau:lc 11/13/63

Telegraphic transmission and  
classification approved by:

EST - Mr. Margies

Clearances:

EST - Mr. Lancaster

H-Mr. Wexler

AID/LA - Mr. Linstad

(DRAFT)

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plans of integrated national development to Alliance governing body.

Washington Post editorial November 11 directs attention ~~to~~ at Argentine oil contracts situation concluding more at stake than their profits and investment, identifying real issue as that of finding modus vivendi satisfying ~~Argentina~~ Argentina's economic needs with as little damage to Alliance and international investment as ~~possible~~ possible. Post continues in November 13 editorial that with evidence emerging from Sao Paulo meeting that Alliance in deep trouble, it "sad that President of Argentina feels he must make ~~foreign~~ foreign oil holdings an ~~exacerbating~~ exacerbating issue".

New York Times editorial November 13 asserts cracks appearing in Alliance, stating that although both Argentina and Brazil showing lowest rate growth in South America, now appear ~~to~~ be making Alliance scapegoat for own failures. Editorial says although ~~attacks~~ attacks on Yankee imperialism and Alliance nothing new, Brazil and Argentina exceeding usual bounds demagogy since, although speaking "~~boldly~~ boldly about going it alone, they are evidently hoping that threat of inflow new foreign capital from Western Europe or Soviet Union will force Washington ~~to~~ continue provide funds for development". Times points out that while GOA has right renegotiate or renounce contracts, it cannot expect attract investment if it refuses reasonable ~~compensation~~ compensation. Concludes it would

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be mistake cajole Latin America into maintaining Alliance by <sup>yielding</sup> ~~making~~ to Argentina or Brazil, but that withdrawal aid would provide little gain and that both Brazil and Argentina may yet recognize danger cracking ~~Axisian~~ Alliance by considered ~~assessment~~ assessment their own true national interests.

Evening Star also has critical editorial this subject on 13th and we expect continuing and increasing public concern over Argentine actions on oil.

End.

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